

Message Text

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PAGE 01 BONN 16607 010754Z

20

ACTION COME-00

INFO OCT-01 EUR-12 EA-09 IO-13 ISO-00 EB-07 TRSE-00 STR-04

AGR-10 AGRE-00 FEA-01 CEA-01 CIAE-00 DODE-00 FRB-01

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02

AID-05 CIEP-02 SS-15 ITC-01 USIA-15 PRS-01 SP-02

OMB-01 /129 W

----- 114937

R 301820Z SEP 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2242

INFO AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

USDEL MTN GENEVA

AMEMBASSY BUDAPEST

AMEMBASSY BERLIN

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USLO PEKING

USMISSION GENEVA

UNCLAS BONN 16607

E.O. 11652: N/A

TAGS: ETRD, EEWT, EEC, XG, GW

SUBJ: INDUSTRIALIZED COUNTRY PRACTICES RE IMPORTS

FROM COMMUNIST COUNTRIES

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REF: (A) STATE 222735; (B) STATE 223894

1. EMBASSY RECOLLECTION IS THAT, DURING 1975 AND SO FAR IN 1976, FRG ONLY ONCE RESORTED TO SPECIFIC ACTION AGAINST IMPORTS FROM COMMUNIST COUNTRIES. FRG ANNOUNCED SEPT. 25, 1975 DECISION TO IMPOSE QR'S ON GDR EXPORTS OF CERTAIN TYPES OF CLOTHING AND YARN, AS RESULT OF DETERMINATION THAT GDR WAS DUMPING IN WEST GERMAN MARKET (REF BONN 15948 OF SEPTEMBER 29, 1975). FRG OFFICIAL TOLD US TWO WEEKS AGO THAT CONTROL MECHANISM ON GDR EXPORTS IS WORKING WELL AND THAT NO NEW DUMPING HAS OCCURRED (REF BONN 15609).

2. SINCE JANUARY 1, 1975 OVERALL RESPONSIBILITY FOR FRG TRADE RELATIONS WITH COMMUNIST COUNTRIES HAS RESIDED IN BRUSSELS, UNDER EC'S COMMON COMMERCIAL POLICY. AS BEST AS WE CAN DETERMINE, GIVEN CONSTRAINTS IMPOSED BY REF B, CURRENT FRG QUOTAS ON IMPORTS FROM COMMUNIST COUNTRIES ARE ROUGHLY SAME AS THOSE WHICH EXISTED PRIOR TO JANUARY 1, 1975 (REF BONN'S A-17 OF JANUARY 14, 1975).

3. OTHER THAN CASE NOTED ABOVE, FRG HAS NO DISCRIMINATORY QR'S. IT DOES, HOWEVER, APPLY QR'S TO COVER SECTORS IN WHICH GERMAN EMPLOYMENT IS THREATENED, SUCH AS TEXTILES, LEATHER, FOOTWEAR, AND CERAMICS. IN VALUE TERMS, THESE QUOTAS COVER SMALL PART OF FRG IMPORTS FROM MOST COMMUNIST COUNTRIES (E.G., 10 PERCENT IN CASE OF YUGOSLAVIA). EMBASSY REPORTING OVER PAST TWO YEARS SHOWS THAT, DURING BILATERAL TALKS WITH FRG OFFICIALS, COMMUNIST OFFICIALS ROUTINELY SEEK LIBERALIZATION OF QUOTAS ON THEIR EXPORTS TO WEST GERMANY. FRG USUALLY PARRIES SUCH REQUESTS BY NOTING THAT COMPETENCE FOR SUCH MATTERS LIES IN BRUSSELS. IN SOME OF THESE CASES, FRG HAS ALSO TOLD US THAT IT WILL NOT REDUCE ITS QUOTAS DUE TO SECTORAL PROBLEMS OF INDUSTRIES INVOLVED. HOWEVER, IN CASE OF POLAND FRG RAISED ITS 1976 QUOTAS BY 6 PERCENT ACROSS THE BOARD (REF UNCLASSIFIED

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BONN 8666 OF MAY 20, 1976).

4. DOMESTIC PRESSURE IN WEST GERMANY FOR PROTECTION AGAINST IMPORTS FROM COMMUNIST STATES IS NOT EXCESSIVE AND APPLIES EQUALLY TO IMPORTS FROM OTHER STATES, SUCH AS ITALY. IN RECENT YEARS, WEST GERMAN EXPORTS TO COMMUNIST COUNTRIES HAVE DRAMATICALLY RISEN TO POINT THAT FRG IS NOW MOST SIGNIFICANT SINGLE TRADING

PARTNER OF THESE STATES. MAJOR SECTORS OF GERMAN
BANKING AND INDUSTRY ARE INVOLVED IN THIS TRADE.
WE SUSPECT THAT RECENT WEST GERMAN DEBATE ON ENTIRE QUESTION OF
CREDITS TO COMMUNIST COUNTRIES IN LARGE PART DUE TO ONGOING
NATIONAL ELECTION CAMPAIGN. DISCUSSION AFTER
OCTOBER 3 LIKELY TO BE MORE MUTED.
HILLENBRAND

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NNN

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Draft Date: 30 SEP 1976
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Decaption Note:
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Margaret P. Grafeld
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